SB371
136954-2
By Senator Bedford
RFD: Finance and Taxation Education
First Read: 28-FEB-12
SYNOPSIS: Current law provides for appropriations to be made from the Education Trust Fund in future years to the PACT Trust Fund for the purpose of fully funding the PACT Program, the terms of which were amended in Act 2010-725.

This bill will provide that in any year in which the PACT Program is unable to meet the financial obligations mandated in Act 2010-725, an amount sufficient to off-set such shortfall shall be transferred to the PACT Program from any funds designated to be deposited into the Budget Stabilization Fund under the Code of Alabama 1975, Section 29-9-4.

A BILL

TO BE ENTITLED

AN ACT
To further provide for the full funding of the PACT Program by providing for the transfer of funds designated for the Budget Stabilization Fund provided for in Code of Alabama 1975, Section 29-9-4, in any year in which the PACT Program is unable to meet the financial obligations established by Act 2010-725.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Sections 16-33c-16 and 29-9-4 are hereby amended to read as follows:

"§16-33C-16.

(a) In addition to the appropriations made in Section 16-33C-14 and Section 16-33C-15, there is annually appropriated from the Education Trust Fund to the PACT Trust Fund the following amounts in the following fiscal years:

(1) For the fiscal year ending 2016 -- $10,000,000
(2) For the fiscal year ending 2017 -- $20,000,000
(3) For the fiscal year ending 2018 -- $20,000,000
(4) For the fiscal year ending 2019 -- $13,000,000

(b) These appropriations, along with the appropriations made in Section 16-33C-14 and Section 16-33C-15, will make the PACT Program 100 percent fully funded, according to the actuarial professional retained by the PACT board.

(c) Beginning in FY 2016, in any fiscal year in which the PACT Trust Fund has insufficient assets in which to pay the financial obligations designated in Section 16-33c-17,
an amount needed to meet those obligations shall be
transferred from the funds designated to be deposited into the
Budget Stabilization Fund established in Code of Alabama 1975,
Section 29-9-4.

"§29-9-4.

There is hereby created in the State Treasury an
Education Trust Fund Budget Stabilization Fund and an
Education Trust Fund Capital Fund. Any monetary interest which
accrues in the Education Trust Fund Budget Stabilization Fund
shall be retained in the fund from year to year and shall be
subject only to the provisions of this chapter. On or before
November 15 of each fiscal year, if the total revenues
deposited into the Education Trust Fund during the immediately
preceding fiscal year exceed the fiscal year appropriation cap
for the immediately preceding fiscal year, the excess shall be
transferred to the Education Trust Fund Rainy Day Account
until the account has been repaid in full. If the account has
been repaid in full, any excess remaining shall be transferred
to the PACT Trust Fund if needed to fully fund the tuition and
fees mandated to be paid by the PACT Board under Section
16-33c-17. Funds remaining each year after such transfers, if
any, shall be transferred into the Education Trust Fund Budget
Stabilization Fund created in this chapter. The transfers to
the Education Trust Fund Budget Stabilization Fund shall be
made until the Fund reaches an amount which equals 20 percent
of the then current year's appropriations from the Education
Trust Fund. After the balance in the Education Trust Fund Budget Stabilization Fund reaches a total of 20 percent, any excess remaining shall be distributed to the Education Trust Fund Capital Fund.

Section 2. It is the intent of the Legislature that the PACT program which as amended in Act 2010-725 shall be fully funded as was intended with the passage of that Act.

Section 3. The provisions of this act are severable. If any part of this act is declared invalid or unconstitutional, that declaration shall not affect the part which remains.

Section 4. This act shall become effective immediately upon its passage and approval by the Governor or its otherwise becoming law.